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SUBJECT: JERUSALEM MEDIA REACTION (07/08): Israel Will Not Commit to the Two-State Solution or a Settlements-freeze

Main Stories:

Al-Hayat Al-Jadida, Al-Quds and Al-Ayyam all run front page coverage of the July 7 meeting between Israeli President Shimon Peres and Egyptian President Hosni Mubarak in Cairo. In a joint press conference following the meeting, Mubarak pointed out that there must be a serious commitment by Israel to achieve peace, and that resolving the Palestinian conflict will ensure peace and security in the entire region. Mubarak also praised President Obama's new approach towards the Middle East, stating that there is an excellent chance that peace can be achieved with the engagement of the current US administration. Peres stated that although Israel accepts the two-state solution and will not construct new settlements, it will continue expanding existing settlements to accommodate "natural growth." Concerning the status of the kidnapped Israeli soldier Gilad Shalit, Mubarak noted that he hoped to see this matter resolved very soon.

Al-Ayyam leads with Al-Arabiya satellite channel's exclusive interview with Palestinian Authority President Mahmoud Abbas on July 7, in which Abbas called on Hamas to agree to presidential and legislative elections under Arab and international supervision in January 2010. Additionally, Abbas stated that Israel has not met any of its obligations under the Road Map, including the cessation of all settlement activities. Abbas reiterated that he will not accept a Palestinian state with temporary borders, and doubted that Arab countries would be willing to normalize relations with Israel, until Israel fulfills all its obligations under the Road Map. Abbas noted, "How can we pressure the Arabs on this when Israel is not willing to freeze settlements?"

All dailies run front page coverage of the July 7 meeting between Palestinian Authority President Abbas and Serbian President Boris

Tadic in Belgrade. Abbas emphasized the need for diplomacy in solving the Arab-Israeli conflict, noting that Serbia can play an important role in ending the Palestinian-Israeli conflict.

Al Ayyam reports on its inside pages about President Obama's address to Russian students during his current visit to Russia. The paper noted Obama's comments that a new chapter should be opened in US-Russian relations, based upon mutual respect and cooperation.

All dailies run front-page coverage of President Obama's CNN interview in which he stated that the US did not give Israel a "green light" to attack Iran and its nuclear program. The papers note Obama statement that he prefers addressing the Iranian nuclear program through diplomatic measures.

BLOCK QUOTES:

1) Hani Habib, Al-Ayyam, "Peres-Barak: flexible or deceptive?"(07/08): "We heard Barak and Peres noting that the settlements will stop, but will they seriously stop...? Netanyahu has not shown any readiness to stop settlement activity... Are these contradictory statements meant only to mislead the world and public opinion? Israeli leaders must know they can't keep deceiving the world. Obama must show seriousness in exerting pressure on Israel to stop these activities!"

2) Azmi Khawaja, Al-Ayyam, "The Palestinians and the two-state solution" (07/08): "The proposal in Netanyahu's speech regarding the

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two-state solution and the Palestinian state is meaningless. It has no solid ground, and is not based either on the Arab peace initiative or on the Road Map... His proposal will only lead to more chaos and deterioration of regional stability".

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